TOP SECRET CONFIDENTIAL

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GENERAL

10 OCT 1946.

1. Czech Government not yet advised of Soviet flight restriction—US Military Attache Prague reports that the Czech Government "knows nothing of and is very puzzled by" the Soviet notice to the US Delegation ACC Hungary which includes Czechoslovakia among the countries over which all Allied flights have been prohibited until 14 October (see Daily Summary of 9 October, item 1).

EUROPE

- 2. USSR: US radio correspondents are denied broadcast facilities—According to Embassy Moscow, representatives of US broadcasting companies have been denied the further use of Moscow radio facilities. The correspondents have been unable to learn whether the ban is temporary or permanent.
- 3. ITALY: Eximbank loan suggested—The Undersecretary of State has requested Secretary Byrnes views on the advisability of an immediate Eximbank loan to Italy, because the lack of essential materials already is apparently checking Italian recovery and Italian exports are failing to make the gains essential to a stable economy.

Premier desires United Police Mission—Admiral Stone has informed US Embassy Rome that Premier De Gasperi is concerned over the low efficiency and the extent of political influence in the Italian police forces. De Gasperi would personally welcome a United Police Mission in Italy, but he considers that an exclusively Anglo—American Mission would be "politically impossible," and that Soviet participation in such a mission would be "most undesirable." Stone may initiate a study of the Italian police situation, and submit recommendations to the Italian Government.

FAR EAST

4. CHINA: Soviet intentions in Manchuria -- Consul General Dairen reports that the Soviets are keeping the free port of Dairen closed probably because they wish to gain control over all Manchurian resources before

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they allow other countries to use the port. Though the Soviets are abstaining from direct political action in the area, Chinese Communist influence is increasing despite the fact that most of the people are pro-Kuomintang.

THE AMERICAS

5. CHILE: Soviets promote German products -- US Ambassador Bowers has been reliably informed that the Soviet Commercial Attache has been urging German merchants, formerly on the US "black list," to buy products manufactured in the Soviet zone of Germany. The Attache has been stressing the superiority of German heavy chemicals and farm equipment over US products.